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March 17, 2021

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk / Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Re: Public Service Commission Review of South Carolina Code of Regulations
Chapter 103 Pursuant to S.C. Code Ann. Section 1-23-120(J)

Docket No. 2020-247-A

**REPLY LETTER FROM BLUE GRANITE WATER COMPANY REGARDING
WATER AND SEWER REGULATION REVIEW**

Dear Ms. Boyd:

I am filing this letter on behalf of Blue Granite Water Company (the "Company") in reply to parties that filed comments in the above-referenced docket as related to Articles 5 and 7 of the Commission's regulations. The Company's comments are intended to reduce ambiguity in the regulations, avoid confusion in interpretation by utility stakeholders, and promote consistency in practice on Commission matters by all relevant parties.

Reply to Comments of SouthWest Water Company

The Company agrees with SouthWest Water Company's recommendations regarding S.C. Code Ann. Regs. 103-535.1, 103-735.1 and 103-510 as provided in its comments filed on March 9, 2021 for the reasons noted therein.

Reply to Comments of the S.C. Office of Regulatory Staff ("ORS")

103-735.1 and 103-535.1 Notice Prior to Discontinuance of Service: Termination of Service

As related to ORS's recommendation that language be added to S.C. Code Ann. Regs. 103-735.1 and 103-535.1, the Company proposes that the following edits be made to these paragraphs:



Not more than two business days prior to termination of service, the [water/sewer] utility shall make reasonable efforts either by telephone or in person to contact the customers that are subject to termination of service to notify him that his service is subject to termination for non-payment; a door hanger providing such termination notice left at the customer's residence shall constitute "reasonable efforts." ~~Alternatively, not more than three business days prior to termination of service, the [water/sewer] utility shall notify the customer by mail that he is subject to termination of service for non-payment.~~ The [water/sewer] utility shall maintain records of the efforts made to contact such customers. Termination of service may be delayed in case of inclement weather, emergencies or operational conflicts.

As related to the provision of a door hanger, it is typical for utilities to provide in-person notice via door hangers, and is particularly relevant during a pandemic where person-to-person contact should be kept to a minimum. See, e.g., Jan. 7, 2021 filing of Dominion Energy South Carolina, Docket No. 2006-193-EG (indicating the provision of a "field notification" via door hanger of pending service termination); Jan. 19, 2021 filing of Lockhart Power, Docket No. 2006-193-EG (indicating the provision of door hanger as a service termination reminder).

The Company opposes the provision of an additional, third mailer as part of the service disconnection process. The Company notes that, as described in SouthWest Water Company's comments, the notification rules for termination of service already require that two certified notices be issued between 40 and 60 days from the termination date. See S.C. Code Ann. Regs. 103-535.1. This process is onerous and costly for the utility (and customers). Adding an additional mail notice within 3 days of termination would add further expense that other customers would have to bear. It is also uncertain that mailing a notice within three days of service termination would ensure that the notice arrives to the customer's address in sufficient time to actually provide notice, particularly during periods of postal delays. The United States Postal Service's website indicates that first-class mail arrives at its destination in one to three business days,¹ meaning that the service termination notice could arrive after service has been disconnected (for example, if the disconnection occurs in the morning and mail is delivered in the afternoon). For these reasons, the Company sees little benefit to this additional mailer as compared to the costs to customers.

Reply to Comments of Department of Consumer Affairs ("Consumer Advocate")

103-512.4 and 103-712.4 Rate Applications

The Company notes that the Consumer Advocate reiterates its comments and recommendations filed February 9, 2021 as related to rate case applications and

¹ First-Class Mail, USPS, <https://www.usps.com/ship/first-class-mail.htm>.



Article 8 of the Commission's regulations, a topic about which the Clerk's office has scheduled an additional workshop to be held on April 1, 2021. For that reason, it would seem that the Consumer Advocate's recommendations as to Article 8, which apply to all utilities, would be duplicated and redundant as applied to water and sewer utilities through Articles 5 and 7. Nevertheless, the Company responds to the Consumer Advocate's four recommendations with regard to rate applications.

1) Filing direct testimony at the same time as the application.

Given the time it takes to prepare testimony, requiring a water or sewer utility to file direct testimony along with its application would further increase the regulatory lag between the utility's test year and recovery. Due to the use of fully historical test years for rate request filings in South Carolina, water and sewer utilities are incentivized to time their rate filing as close to the end of the test year as possible to mitigate regulatory lag. As the Consumer Advocate's comments allude, it takes months to prepare a filing, much of which cannot begin in earnest until the test year has concluded due to historical financial statement finalization, cost analysis and allocations by rate division, pro-forma adjustment analysis and calculation, supporting workpaper preparation, formatting and finalization of revenue requirement exhibits and models, and preparation of application, tariff and other required documents, all of which require internal review.

Further, given how little other parties rely upon the utility's pre-filed direct testimony in preparing their own testimony and positions, the downside of regulatory lag is not offset by the benefit to other parties of receiving the utility's direct testimony along with the application. The Company's experience is that narrative direct testimony is seldom referenced or relied upon in the direct testimony of intervenors, as other parties' focus is on the application, schedules, and exhibits filed with the application or produced in discovery. Because of the detriment to utilities in further increasing the regulatory lag between the test year and the application filing, and the limited benefit to intervenors, the Company opposes the recommendation to require filing of direct testimony with a rate application.

2) Submit with the application all supporting documents, including studies, models, workpapers, spreadsheets, tables, formulas, and data that support the request.

The Company's position on this issue generally aligns with those expressed in comments filed by Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (the "Duke Companies") on February 18, 2021. The Company agrees with the Duke Companies that supporting documents often contain proprietary information, such as salaries, contracts, and other proprietary data, which are best provided in the discovery process rather than filed with the Commission. The Company also agrees with the Duke Companies that the Commission's Document Management System may not accept the format of many types of



supporting documents, such as very large file sizes or inter-linked workpapers, which are often required to prepare the utility's position in the filing. Such files are more efficiently and effectively shared with intervenors electronically via e-mail or other file-sharing methods currently available.

The Company would also note that in its most recent rate case, Docket 2019-290-WS, it submitted supporting rate models and material supporting workpapers to ORS by the October 2, 2019 filing date, and ORS propounded 112 discovery requests including 102 additional subparts by October 16, 2019, only two weeks after the case was filed. The Company then continued to provide responses to discovery throughout the rate case. The Company believes it is common practice in South Carolina for utilities to provide necessary supporting files as timely with a rate request as practicable to facilitate the discovery process and maintain an efficient sharing of data with intervenors.

The Company also believes that the Commission's role as the adjudicator may place boundaries on what the Commission may require from utilities in their rate case applications. See, for example, the S.C. Supreme Court's views on this issue:

When presiding over a ratemaking proceeding, the PSC takes on a quasi-judicial role. See S.C. Code Ann. § 58-3-30(B) (1976 & Supp. 2010) ("The commissioners ... are bound by the Code of Judicial Conduct...."); S.C. Code Ann. § 58-3-260 (Supp. 2010) (limiting ex parte communications between the PSC and any party to a "matter to be adjudicated, decided, or arbitrated" by the PSC). Nevertheless, it may request ORS conduct an investigation of a rate application:

The commission has the authority to initiate inspections, audits, and examinations of all persons and entities subject to its jurisdiction.... Notwithstanding any other provision of law, the commission must not conduct such inspections, audits, and examinations itself, but must request that they be conducted by the Office of Regulatory Staff pursuant to Section 58-4-50(A)(2).

S.C. Code Ann. § 58-3-200 (1976 & Supp.2010).

Thus, the PSC's new role in ratemaking proceedings conforms to the general principle that the roles of investigator and adjudicator should be performed by separate persons. Cf. S.C. Const. art I, § 22 ("[N]or shall [a person] be subject to the same person for both prosecution and adjudication...."); Ross v. Medical



University of S.C., 328 S.C. 51, 69-70, 492 S.E.2d 62, 72 (1997) (explaining that article 1, section 22 aims to prevent an adjudicator from becoming impartial by gathering “ex parte information as a result of prior investigation”).

Utils. Serv. of S.C. Inc. v. S.C. Office of Regulatory Staff, 392 S.C. 96, 105-06, 708 S.E.2d 755, 760-61 (2011) (emphasis added).

As the adjudicator, the Commission receives evidence as presented by the parties, and it is each party’s responsibility to make its case—whether the utility or an intervenor—and to prepare and present positions supported by evidence obtained through discovery. Requiring that utilities file a raft of information along with their application could implicate an investigatory function that was statutorily reassigned from the Commission to the ORS. Notably, ORS’s comments in the current docket have not reiterated the recommendations of the Consumer Advocate in this area.

3) Uniform formatting of the application and schedules and a brief summary of the application.

The Company agrees with the Duke Companies’ comments that each utility has unique accounting and other enterprise data and reporting systems that would preclude a standardized format for rate applications. Additionally, each rate filing, even for the same utility, is unique, and may include requests for large structural changes such as folding acquisitions into consolidated tariff groups, novel rate design proposals, or the results of complex studies such as depreciation or cost of service. Even in the case of water and sewer utilities, each utility may have distinctive mechanisms or operational priorities to highlight in the filing that necessitate flexibility of presentation formats. As such, the utility making the filing—i.e., the entity with the burden of proof—must be able to dictate the format that best presents the information needed to support the rate request. Otherwise, the utility will be forced to submit supplemental information that supports its application more comprehensively and effectively in order to work around the limitations of standardized schedules, resulting avoidable inefficiencies in the processing and flow of the rate proceeding.

The Consumer Advocate also recommends the creation of a uniform schedule listing. The Company submits that many utilities tend to use similar rate case exhibit model structures for each of their respective rate cases, which lends consistency to each of the utility’s filings and familiarity to intervenors and the Commission. This is helpful for end-users of the filing exhibits, such as intervenors or customers, as this creates a comfort level with the flow and scope of the information presented and enables efficient review. This consistency and reliability of exhibit presentation will be more apparent to the Consumer Advocate as it participates in more and more rate proceedings for the same utilities in the coming years.



The Consumer Advocate also recommends submission of a brief summary of the application. The Company notes that the application itself provides precisely that – the need and justification for the rate request, as required by 103-712.4(A)(1), which effectively serves as a concise summary of the filed application. Additionally, applications already provide a brief description of additional requests for the filing, such as requests for regulatory treatment of certain costs or approval of changes to or new regulatory mechanisms.

4) Pleadings and testimony submitted in Word or searchable PDF format.

The Company agrees that submitting searchable files for pleadings and testimony can provide value to all parties in the processing of a rate application.

103-532.1 and 103-732.2 Customer Bill Forms

The Company has no issue with the Consumer Advocate's recommendations to use bold font in bill form headings, include ORS's contact information, and avoid use of sentences written in all capital letters. However, given the amount of information provided within a bill form, it would be impracticable to adhere to a 12-point font size. Such would either mean eliminating some important information from the bill or substantially increasing the length of the bill, thereby increasing printing and postage costs for customers.

The format of a customer bill must balance the need to provide relevant information with the ease of comprehension by the customer. The Company notes that, although 103-532.1 and 103-732.2 list minimum bill form requirements, there are many additional requirements to properly inform the customer of the activity of their account, important current information, and to facilitate payment. Such details include, but are not limited to:

1. A payment stub to return to the utility with the customer payment, generally accounting for 1/4th of the space of the bill.
2. Line-item detail, which can vary by utility and customer type, and may include one-time adjustments, or be double the length when pro-ration occurs (during a meter change or rate change).
3. Full address where service is provided.
4. Account number.
5. Meter reading information, including previous read, current read, read dates, meter number, days in read period, meter size, total usage, and a graph depicting usage history. Again, the meter and meter read information may be doubled during a meter change.
6. Bill messages, which can vary in length and quantity, and include relevant information such as links to the utility's website, customer assistance accessibility and/or eligibility, past-due notification, and rate change or one-time rate adjustment explanations.
7. Additional charts or graphs to summarize the bill's components.



Accounting for the above listed bill details provides a benefit to customers and the utility, as it encompasses the priority information and notifications to allow customers to understand their account activity, as well as minimizing customer service calls and providing customers direction on payment options that work best for them. A minimum 12-point font size would force utilities to either 1) sacrifice some of the valuable information listed above, which would provide customers less information and result in increased customer service calls, or 2) add additional pages to the bill form, which will increase costs materially for the utility and therefore for customers. Additionally, many multi-state utilities use standardized formats for each jurisdiction, which helps manage printing costs and processing time. Should utilities in South Carolina need to revise their bill formats to be inconsistent with their affiliate jurisdictions, this would result in immediate cost increases that would be passed on to customers.

Further, the Commission's current regulations require that utilities' bill forms be submitted along with rate case applications—S.C. Code Ann. Regs. 103-512.4(A)(14); 103-712(4)(A)(14)—and the Company did so in its most recent rate case in Docket No. 2019-290-WS. The provision of the bill form with rate case applications gives intervenors an opportunity to provide utility-specific feedback on bill forms during those proceedings, which could include modifying font size or content.

For the above reasons, the Company does not support a standard font size for bill forms.

Thank you for your consideration of these reply comments.

Kind regards,

Sam Wellborn

SJW:tch

cc: Parties of Record (via email)
Donald Denton, President (via email)
Phil Drennan, Regional Director of FP&A (via email)